

AMENDED IN ASSEMBLY APRIL 26, 2006

AMENDED IN ASSEMBLY MARCH 20, 2006

CALIFORNIA LEGISLATURE—2005–06 REGULAR SESSION

ASSEMBLY BILL

No. 1973

Introduced by Assembly Member Bermudez

February 9, 2006

An act to amend Section 19805 of the Business and Profession Code, and to amend Section 330.11 of the Penal Code, relating to *Professions Code, relating to gaming*.

LEGISLATIVE COUNSEL'S DIGEST

AB 1973, as amended, Bermudez. Gambling control.

Existing law relating to legalized gambling defines and regulates controlled games *and prohibits the conduct of gambling in a city, county, or city and county that does not have an ordinance governing certain aspects of the operation of gambling establishments, including the hours of operation of gambling establishments.* Existing law defines a banked game for these purposes and prohibits a gambling establishment, defined as the house, from occupying the player-dealer position in a banked game.

This bill would ~~specify that the prohibition on occupying the player-dealer position means that the house shall not use its funds, and a key employee shall not use his or her funds, in a controlled game and be able to directly benefit from the winnings and suffer the losses of the wagers~~ *define hours of operation for these purposes as the period during which a gambling establishment is open within a 24-hour period.*

Vote: majority. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 *SECTION 1. Section 19805 of the Business and Professions*
2 *Code is amended to read:*

3 19805. As used in this chapter, the following definitions shall
4 apply:

5 (a) “Affiliate” means a person who, directly or indirectly
6 through one or more intermediaries, controls, is controlled by, or
7 is under common control with, a specified person.

8 (b) “Applicant” means any person who has applied for, or is
9 about to apply for, a state gambling license, a key employee
10 license, a registration, a finding of suitability, a work permit, a
11 manufacturer’s or distributor’s license, or an approval of any act
12 or transaction for which the approval or authorization of the
13 commission or division is required or permitted under this
14 chapter.

15 (c) “Banking game” or “banked game” does not include a
16 controlled game if the published rules of the game feature a
17 player-dealer position and provide that this position must be
18 continuously and systematically rotated amongst each of the
19 participants during the play of the game, ensure that the
20 player-dealer is able to win or lose only a fixed and limited
21 wager during the play of the game, and preclude the house,
22 another entity, a player, or an observer from maintaining or
23 operating as a bank during the course of the game. For purposes
24 of this section it is not the intent of the Legislature to mandate
25 acceptance of the deal by every player if the division finds that
26 the rules of the game render the maintenance of or operation of a
27 bank impossible by other means. The house shall not occupy the
28 player-dealer position.

29 (d) “Commission” means the California Gambling Control
30 Commission.

31 (e) “Controlled gambling” means to deal, operate, carry on,
32 conduct, maintain, or expose for play any controlled game.

33 (f) “Controlled game” means any controlled game, as defined
34 by subdivision (e) of Section 337j of the Penal Code.

1 (g) "Director," when used in connection with a corporation,
2 means any director of a corporation or any person performing
3 similar functions with respect to any organization. In any other
4 case, "director" means the Director of the Division of Gambling
5 Control.

6 (h) "Division" means the Division of Gambling Control in the
7 Department of Justice.

8 (i) "Finding of suitability" means a finding that a person meets
9 the qualification criteria described in subdivisions (a) and (b) of
10 Section 19857, and that the person would not be disqualified
11 from holding a state gambling license on any of the grounds
12 specified in Section 19859.

13 (j) "Game" and "gambling game" means any controlled game.

14 (k) "Gambling" means to deal, operate, carry on, conduct,
15 maintain, or expose for play any controlled game.

16 (l) "Gambling enterprise employee" means any natural person
17 employed in the operation of a gambling enterprise, including,
18 without limitation, dealers, floor personnel, security employees,
19 countroom personnel, cage personnel, collection personnel,
20 surveillance personnel, data-processing personnel, appropriate
21 maintenance personnel, waiters and waitresses, and secretaries,
22 or any other natural person whose employment duties require or
23 authorize access to restricted gambling establishment areas.

24 (m) "Gambling establishment," "establishment," or "licensed
25 premises" except as otherwise defined in Section 19812, means
26 one or more rooms where any controlled gambling or activity
27 directly related thereto occurs.

28 (n) "Gambling license" or "state gambling license" means any
29 license issued by the state that authorizes the person named
30 therein to conduct a gambling operation.

31 (o) "Gambling operation" means exposing for play one or
32 more controlled games that are dealt, operated, carried on,
33 conducted, or maintained for commercial gain.

34 (p) "Gross revenue" means the total of all compensation
35 received for conducting any controlled game, and includes
36 interest received in payment for credit extended by an owner
37 licensee to a patron for purposes of gambling, except as provided
38 by regulation.

1 (q) “Hours of operation” means the period during which a
2 gambling establishment is open to conduct the play of controlled
3 games within a 24-hour period.

4 (r) “House” means the gambling establishment, and any
5 owner, shareholder, partner, key employee, or landlord thereof.

6 ~~(t)~~

7 (s) “Independent agent,” except as provided by regulation,
8 means any person who does either of the following:

9 (1) Collects debt evidenced by a credit instrument.

10 (2) Contracts with an owner licensee, or an affiliate thereof, to
11 provide services consisting of arranging transportation or lodging
12 for guests at a gambling establishment.

13 ~~(s)~~

14 (t) “Institutional investor” means any retirement fund
15 administered by a public agency for the exclusive benefit of
16 federal, state, or local public employees, any investment
17 company registered under the Investment Company Act of 1940
18 (15 U.S.C. Sec. 80a-1 et seq.), any collective investment trust
19 organized by banks under Part Nine of the Rules of the
20 Comptroller of the Currency, any closed-end investment trust,
21 any chartered or licensed life insurance company or property and
22 casualty insurance company, any banking and other chartered or
23 licensed lending institution, any investment advisor registered
24 under the Investment Advisors Act of 1940 (15 U.S.C. Sec.
25 80b-1 et seq.) acting in that capacity, and other persons as the
26 commission may determine for reasons consistent with the
27 policies of this chapter.

28 ~~(t)~~

29 (u) “Key employee” means any natural person employed in
30 the operation of a gambling enterprise in a supervisory capacity
31 or empowered to make discretionary decisions that regulate
32 gambling operations, including, without limitation, pit bosses,
33 shift bosses, credit executives, cashier operations supervisors,
34 gambling operation managers and assistant managers, managers
35 or supervisors of security employees, or any other natural person
36 designated as a key employee by the division for reasons
37 consistent with the policies of this chapter.

38 ~~(u)~~

1 (v) “Key employee license” means a state license authorizing
2 the holder to be associated with a gambling enterprise as a key
3 employee.

4 ~~(v)~~

5 (w) “Licensed gambling establishment” means the gambling
6 premises encompassed by a state gambling license.

7 ~~(w)~~

8 (x) “Limited partnership” means a partnership formed by two
9 or more persons having as members one or more general partners
10 and one or more limited partners.

11 ~~(x)~~

12 (y) “Limited partnership interest” means the right of a general
13 or limited partner to any of the following:

14 (1) To receive from a limited partnership any of the following:

15 (A) A share of the revenue.

16 (B) Any other compensation by way of income.

17 (C) A return of any or all of his or her contribution to capital
18 of the limited partnership.

19 (2) To exercise any of the rights provided under state law.

20 ~~(y)~~

21 (z) “Owner licensee” means an owner of a gambling enterprise
22 who holds a state gambling license.

23 ~~(z)~~

24 (aa) “Person,” unless otherwise indicated, includes a natural
25 person, corporation, partnership, limited partnership, trust, joint
26 venture, association, or any other business organization.

27 ~~(aa)~~

28 (bb) “Player” means a patron of a gambling establishment who
29 participates in a controlled game.

30 ~~(bb)~~

31 (cc) “Player-dealer” and “controlled game featuring a
32 player-dealer position” refer to a position in a controlled game, as
33 defined by the approved rules for that game, in which seated
34 player participants are afforded the temporary opportunity to
35 wager against multiple players at the same table, provided that
36 this position is rotated amongst the other seated players in the
37 game.

38 ~~(cc)~~

39 (dd) “Publicly traded racing association” means a corporation
40 licensed to conduct horse racing and simulcast wagering pursuant

1 to Chapter 4 (commencing with Section 19400) whose stock is
2 publicly traded.

3 ~~(dd)~~

4 (ee) “Qualified racing association” means a corporation
5 licensed to conduct horse racing and simulcast wagering pursuant
6 to Chapter 4 (commencing with Section 19400) that is a wholly
7 owned subsidiary of a corporation whose stock is publicly traded.

8 ~~(ee)~~

9 (ff) “Work permit” means any card, certificate, or permit
10 issued by the commission, or by a county, city, or city and
11 county, whether denominated as a work permit, registration card,
12 or otherwise, authorizing the holder to be employed as a
13 gambling enterprise employee or to serve as an independent
14 agent. A document issued by any governmental authority for any
15 employment other than gambling is not a valid work permit for
16 the purposes of this chapter.

17
18
19 **All matter omitted in this version of the bill**
20 **appears in the bill as amended in**
21 **Assembly, March 20, 2006 (JR11)**
22